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Power Integrations, Inc.

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION

Kimberly Quaco, Derivatively on Behalf of  
Nominal Defendant POWER  
INTEGRATIONS, INC.,

Plaintiff,

v.

Balu Balakrishnan, et al.

Defendants,

Power Integrations, Inc.,

Nominal Defendant.

Case No. C-06-2811-MHP

**STIPULATION AND ~~[PROPOSED]~~ ORDER  
STAYING POWER INTEGRATIONS'  
MOTION TO DISMISS TO ALLOW THE  
PARTIES TO FILE A MOTION FOR  
PRELIMINARY APPROVAL OF  
SETTLEMENT**

Pursuant to Northern District Civil Local Rule 6-2, Nominal Defendant Power Integrations, Inc. ("Power Integrations") and Representative Plaintiffs Geoffrey Wren, Kimberly Quaco, and Christopher DeBoskey ("Plaintiffs"), by and through their respective counsel of record, hereby stipulate and agree to extend the stay of Power Integrations' Motion to Dismiss to allow the parties to finalize a written settlement agreement and file a Motion for Preliminary Approval of Settlement by two weeks. Previously, the parties agreed that if they had not submitted a Motion for Preliminary Approval of Settlement by January 11, 2008, Power Integrations would have two weeks from that date to file its Motion to Dismiss and would meet and confer with plaintiff's counsel and submit a further stipulation regarding the briefing schedule

1 and new hearing date for such hearing. Given the holidays, vacation schedules, and the number  
2 of parties who needed to review and comment on the settlement, the parties need additional time  
3 to finalize the written settlement agreement and file a Motion for Preliminary Approval of  
4 Settlement and have agreed to extend the stay by one week, such that if the parties have not  
5 submitted a Motion for Preliminary Approval of Settlement by January 18, 2008, Power  
6 Integrations will have two weeks from such date to file its Motion to Dismiss. This stipulation is  
7 based on the following facts:

8 **Whereas**, representative plaintiff Kimberly Quaco initiated this shareholder derivative  
9 case on behalf of Nominal Defendant Power Integrations on or about April 25, 2006;

10 **Whereas**, on May 10, 2006, the parties stipulated that plaintiff would file the amended  
11 complaint on or before May 26, 2006 and that defendants would respond to such amended  
12 complaint on or before June 26, 2006;

13 **Whereas**, representative plaintiff Kimberly Quaco filed an amended complaint on  
14 May 26, 2006. At the time of filing, counsel for Power Integrations no longer represented all  
15 individual defendants. As a result, service was not completed on all defendants at the same time.  
16 By stipulation dated June 22, 2006 (and approved by the Court), the parties agreed to an effective  
17 service date and agreed that defendants would respond to the Quaco amended complaint on or  
18 before September 12, 2006;

19 **Whereas**, on August 1, 2006, after the parties had set the service and response dates by  
20 stipulation, Kathryn Champlin initiated a shareholder derivative action on behalf of Nominal  
21 Defendant Power Integrations based upon allegations that were virtually identical to those alleged  
22 in the Quaco case. Champlin also moved to be appointed lead plaintiff in the case;

23 **Whereas**, on September 5, 2006, the Court granted Power Integrations' motion to extend  
24 the time to respond to the Quaco amended complaint until after the motion to consolidate and  
25 appoint lead plaintiff was resolved;

26 **Whereas**, on December 18, 2006, the Court appointed Geoffrey Wren as lead plaintiff  
27 and the law firm of Schiffrin Barroway Topaz & Kessler, LLP as lead counsel and ordered  
28 plaintiff to file a consolidated complaint no later than January 17, 2007;

1       **Whereas**, on February 9, 2007, April 10, 2007, and May 31, 2007, pursuant to  
2 stipulations by the parties, the Court extended Power Integrations' time to respond to the  
3 Consolidated Complaint and stayed all other activities to allow the parties to engage in informal  
4 discovery and to discuss a potential resolution of this matter;

5       **Whereas**, on August 3, 2007, pursuant to a stipulation by the parties, plaintiffs filed an  
6 Amended Consolidated Complaint;

7       **Whereas**, on September 11, 2007, and October 11, 2007 pursuant to stipulations by the  
8 parties, the Court extended Power Integrations' time to respond to the Amended Consolidated  
9 Complaint and stayed all other activities to allow the parties to continue to discuss a potential  
10 resolution of this matter;

11       **Whereas**, on October 4, 2007, the parties participated in a productive mediation with the  
12 Honorable Eugene Lynch (Ret.);

13       **Whereas**, since the mediation, the parties have been engaged and continue to engage in  
14 negotiations with the goal of presenting a final written settlement agreement to the Court for  
15 preliminary approval on or before November 30, 2007;

16       **Whereas**, pursuant to stipulations filed on November 30, 2007, December 14, 2007,  
17 December 28, 2007, the Court has extended the stay for two additional two week periods to allow  
18 the parties to finalize and present a final written settlement agreement to the Court for preliminary  
19 approval;

20       **Whereas**, the parties are working diligently and have now circulated what is believed to  
21 be a final agreement for review and approval by all parties. However, the parties need additional  
22 time (due primarily to the holidays, vacation schedules, and the number of parties who must  
23 review and approve of the settlement) to present the written settlement agreement to the Court for  
24 preliminary approval;

25       **Whereas**, the only scheduled events in this case are the briefing and hearing dates on  
26 nominal defendant Power Integrations' motion to dismiss the case for failure of plaintiff to  
27 comply with the shareholder demand requirement. No other scheduled dates will be affected by  
28 this stipulation.

**Now, therefore, it is hereby stipulated,** by and between the undersigned, as follows:

1. Power Integrations response date and the corresponding briefing schedule to the Amended Consolidated Complaint are stayed;

2. If the parties do not file a Motion for Preliminary Approval of Settlement by January 18, 2008, Power Integrations' response to the Amended Consolidated Complaint will be due within two weeks of such date. If such filing becomes necessary, counsel for Power Integrations will meet and confer with counsel for the plaintiffs and select a mutually agreeable date for the remaining briefing schedule and hearing and submit a stipulation with such dates for approval.

Dated: January 11, 2008

BORNSTEIN &amp; BORNSTEIN

By: /s/ Jonathan Bornstein  
Jonathan Bornstein

## Liaison Counsel for Lead Plaintiffs

Dated: January 11, 2008

COOLEY GODWARD KRONISH LLP

By: /s/ Jeffrey S. Karr  
Jeffrey S. Karr

Attorneys for Nominal Defendant  
Power Integrations, Inc.

## ORDER

PURSUANT TO THE STIPULATION BY THE PARTIES, IT IS SO ORDERED.

Dated: January 17, 2008

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

IT IS SO ORDERED

*Marilyn H. Patel*

Judge Marilyn H. Patel

STIPULATION AND [PROPOSED] ORDER  
POWER INTEGRATIONS, MOTION  
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**FILER’S ATTESTATION**

Pursuant to General Order No. 45, Section X, Subparagraph B, the undersigned attests that all parties have concurred in the filing of this Stipulation and [Proposed] Order.

Dated: January 11, 2008 COOLEY GODWARD KRONISH LLP

By:                     /s/ Jeffrey S. Karr                      
Jeffrey S. Karr